

THE SOVIET UNION, THE ARMS TRADE AND THE THIRD WORLD

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THE value of arms purchased by developing countries between 1968 and 1978 rose from \$4 billion to \$16 billion.¹ Accompanying this proliferation of weapons has been a growth in the literature devoted to assessing its causes, effects, and the prospects for control. The topics that have been explored include the motives of major suppliers, the degree of success they have had in using arms transfers to achieve foreign policy goals, the effect on stability in troubled regions, and the relationship between Third World economic development and the acquisition of arms. This analysis is concerned with the Soviet Union, the second largest source of weapons in the Third World. It addresses a number of related issues concerning the Soviet military sales programme: its scale and scope, the political and economic motives underlying it and its usefulness for the pursuit of foreign policy objectives.

1. *The Dynamics of the Arms Trade*

While the adverse consequences of the 'creeping militarization'² created in the Third World by the arms trade have been commented upon extensively, few serious observers expect that a greater awareness of its dangers will restrain either buyers or sellers. This pessimism about the prospects for slowing the worldwide transfer of arms is, for several reasons, well founded.

The international system lacks strong executive, legislative, and judicial institutions and as a result is bereft of centralization, predictability and mechanisms for orderly change. International organizations and law do provide a modicum of order, but they lack sufficient legitimacy and power and consequently are not comparable in their effectiveness to the institutions and body of law found in stable domestic systems. Also lacking is a set of widely accepted norms concerning appropriate political means and ends. Instead, there is contention—frequently outside an institutional setting—based on discordant ideologies, conflicting economic claims and divergent perceptions of an acceptable *status quo*. Since the characteristics of the international system create an environment in which the possession of military power is vital, it is clear why those states unable to produce a wide range of weapons must, and will, buy them.

Apart from being quasi-anarchic, the international system is also characterized by interdependence; the security and economic welfare of a state are linked to the actions of others. Since the technology to manufacture an array of modern weapons is unevenly distributed, and given the importance of military power in the international system, it is not surprising that arms transfers have been regarded by those able to export weapons as a major instrument which can be used to shape the policies of other states. In East/West competition, arms transfers have been, and will continue to be, used to compete for influence in the Third World; in the North/South arena, they will be used to co-opt influential Southern states. Arms sales will also be stimulated by the purchasing power petrodollars give to oil-producing states.

The future spread of weapons in the less developed countries will also depend on the capacities of Third World armament industries. Between 1965 and 1975 thirty-one countries in Asia, Africa, and Latin America began to manufacture weapons through a combination of licensed production and indigenous development. In this quest for self-sufficiency, a minority, composed of India, Israel, South Africa, and Brazil led the others, having begun the production of aircraft, missiles, armoured vehicles, naval vessels, small arms, electronics, and aeroengines.³ Future efforts at self-sufficiency in arms by several developing countries will continue, and the transfer of weapons technology, as opposed to the weapons themselves, will be an even more important part of the global arms trade than it is now. But it will continue to be the transfer of arms, not growing production in developing countries, that accounts for most of the increase in Third World armaments.

While the rate of generational change in weaponry was faster in the inter-war period than it has been in the post-war years, the time and expense involved in research and development and the costs of production have increased steeply.⁴ Given the financial constraints with which developing countries must contend, they will be hard pressed to meet all their defence needs through their own industries. Even in India and Israel, where indigenous production is relatively advanced, imports continue to be sizeable while, in licensed manufacture, despite a steady increase in the percentage of locally-made parts, critical components continue to be imported. Further, R & D expenditures are small (in India less than 2% of total defence expenditure between 1969 and 1978) and the defence industries of even the most advanced weapons producers in the developing world will be unable to keep up with rapid changes in future weapons technology.⁵

Recent developments in weapons technology also caution against optimism regarding the prospects for any marked and sustained decline in the global arms trade. Although the effect that precision-guided munitions

(PGMs) will have on the mode of warfare is disputed,⁶ it is generally agreed that PGMs will increase the rate of attrition of armour and aircraft and contribute to the growth of the arms trade by raising the importance of greater forces, a larger inventory, and the availability of suppliers who are both able and willing to replace stocks depleted in battle. The Soviet Union's relatively cheap and less complicated armaments may be attractive to buyers confronting the prospect of high attrition rates and financial costs in a weapons *milieu* in which the PGM has gained acceptance.

II. *Moscow, the Arms Trade, and the Third World*

A significant development in the arms trade has been the emergence of the Soviet Union as a major supplier. Although it had the second largest Gross National Product during the 1930s, the Soviet share of the market in major weapons was negligible. From 1930–45 it accounted for less than 6% of the market in combat aircraft and tanks, and for 10% in armoured personnel carriers. By 1968 the situation had changed decisively; the USSR was now responsible for almost 30% of the combat aircraft, helicopters, tanks, and submarines sold.⁷

Several developments account for this growth in Soviet military sales. The rise in defence production during World War II and the subsequent progress in economic reconstruction provided the means to enter the arms market. The favourable context to do so was supplied by the economic losses suffered during the war by Britain, France, and Italy, and the consequent reduction of their global role in general and their role as weapons suppliers in particular. The opportunity was afforded by the steady pace of de-colonization in the 1950s and 1960s, when several new nations were born which viewed the acquisition of military power and the transition from weakness to strength as integral parts of the overall objective of development. With the abandonment of Stalin's Eurocentric strategy and the adoption of a global foreign policy under Khrushchev and Brezhnev,⁸ arms transfers became a major instrument for competition with the United States in the Third World.

But it is not the expanding Soviet military sales programme that has been responsible for the decline in the American position in the international arms market. As Table I indicates, while the United States continued to be the largest exporter of arms in 1968 and 1977, its share of the market declined from 50.3% to 39.2%. The share of its major competitor, the Soviet Union, also fell, though only slightly. What accounts for the diminishing US role in the global arms trade is not a surge in Soviet weapons transfers, but the re-emergence of some of the major suppliers of the inter-war period—Britain, France, and Germany. Thus, between 1968 and 1977, while all major suppliers increased the absolute value of their arms exports, France's went up by 42%, West Germany's by 35%, and

Britain's by 28%. In contrast, the Soviet Union and the United States expanded the value of their transfers by a relatively smaller 13% and 6% respectively.⁹ Another, more recent development, not reflected in Table I, is the emerging role in the arms trade—either through direct sales or re-transfers—of fourteen developing countries, whose contribution to total sales was 6% in 1976 and 4% in 1977.¹⁰

TABLE I
MARKET SHARES OF MAJOR ARMS EXPORTERS
(percentage of total deliveries)

	1968		1977
USA	50.3	USA	39.2
USSR	29.8	USSR	29.5
France	3.4	France	7.4
United Kingdom	3.0	United Kingdom	4.7
Poland	2.8	West Germany	4.5
China	2.6	Czechoslovakia	2.7
Others	8.1	Others	12.0

Note: Total arms exports were \$8,670 million in 1968, and \$16,700 million in 1977.

Source: US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1968-1977* (Washington, D.C.: ACDA, 1979), Table D, p. 18.

Owing to the surge in oil prices since 1973, regional rivalries and conflicts in the Middle East, the Horn of Africa, and South Asia, and super-power competition, the majority of arms exports went to the developing world—68% in 1968 and 78% in 1977.¹¹ As Table II shows, the pattern which emerges in total arms sales reappears in transfers to the developing countries as a whole and to OPEC as a sub-set. Between 1973 and 1977 the US and USSR accounted for over 65% of the weapons exported to these two groups, with the United States being the largest supplier.

Of the 117 developing countries listed in the Arms Control and Disarmament Agency's data, the Soviet Union exported to forty-one, while the United States supplied arms to fifty-eight. Because of the proximity and strategic importance of the regions, the Soviet arms transfer programme is focused on the Middle East and South Asia. From 1973 to 1977 inclusive, sales to Egypt, Iraq, Syria, India, and Libya accounted for 59.4% of all Soviet transfers to the developing world.

While the United States has led the Soviet Union in weapons exports to the Third World, Table III shows that within the communist system the USSR is by far the major exporter, having easily overshadowed its arch-rival, China. Chinese transfers amounted to a mere 3.8% of Soviet deliveries between 1954-68 and fell to 2.8% over the 1969-78 period. In addition, if one assumes that, with the partial exception of Romania, the external activity of the Warsaw Pact nations generally complements Soviet

TABLE II

SOURCES AND DESTINATIONS OF CONVENTIONAL ARMS EXPORTS 1973-1977
(Million Current Dollars)

<i>Destinations</i>	<i>Total Exports</i>	<i>US</i>	<i>USSR</i>	<i>France</i>	<i>UK</i>	<i>West Germany</i>	<i>Other</i>
World	71,320	27,010	23,370	4,490	3,235	2,225	10,990
Total		(37.9)	(32.8)	(6.3)	(4.5)	(3.1)	(15.4)
Developing Countries	52,334 (73.4) ^a	21,614 (41.3)	16,495 (31.5)	3,360 (6.4)	2,465 (4.7)	1,925 (3.7)	6,475 (12.4)
OPEC	18,118 (25.4) ^b (34.6) ^c	6,823 (37.7)	5,360 (29.6)	1,385 (7.6)	1,215 (6.7)	950 (5.2)	2,385 (13.2)

Note: Figures within parentheses are rounded percentage shares.

^a = % of World total; ^b = % of World total;

^c = % of total transfers to developing countries.

Source: Based on US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1968-1977*, Table IV, p. 155.

objectives, it is significant that Chinese arms sales were exceeded sizeably by Eastern Europe in every year since 1972.

Since the Soviet arms transfer programme got under way in 1955, it has undergone some important changes. While in the 1950s and early 1960s Soviet military exports and economic aid to developing countries were roughly comparable in value, since 1968 the ratio has been about 2.5:1 in favour of arms.¹² Clearly, arms transfers have become an increasingly important instrument of Soviet diplomacy.

The programme has also become more flexible since the mid-1960s. Until then, arms were provided exclusively to non-aligned states which could not be considered pro-Western. While supplies to such customers were maintained in the succeeding years (except where bilateral relations deteriorated as in Egypt, Somalia, and Indonesia), conservative states with traditionally strong ties to the West have also recently received Soviet arms—Iran in 1967 and 1973, Pakistan in 1968, and Kuwait in 1977.

The terms of supply have also shifted since 1973. Prior to that year Soviet arms were usually provided on credit at a 2.5% rate of interest with a 10-12 year amortization period. Repayments were made in local currency which the USSR then used to finance imports from the recipient. While this arrangement built up Soviet economic ties with the developing country and supplied the USSR with a flow of raw materials, the political objectives of forging cordial relations and countering Western influence outweighed considerations of economic gain. Although the political rationale for arms exports has by no means dissipated, in recent years Moscow has concluded major arms deals with Algeria, Iraq, and Libya in exchange for hard cash, while other countries such as Egypt and Syria

TABLE III

SOVIET, EAST EUROPEAN AND CHINESE MILITARY RELATIONS WITH DEVELOPING COUNTRIES: ARMS AGREEMENTS AND DELIVERIES
(Millions of Dollars)

	AGREEMENTS				DELIVERIES			
	<i>Total</i>	<i>USSR</i>	<i>E. Europe</i>	<i>China</i>	<i>Total</i>	<i>USSR</i>	<i>E. Europe</i>	<i>China</i>
Total 1955-78	33,815	29,655	3,260	910	28,675	25,310	2,570	760
1955-68	6,555	5,495	810	250	5,505	4,585	745	175
1969	485	360	125	NEGL.	555	450	80	25
1970	1,265	1,150	50	65	1,105	995	80	30
1971	1,790	1,590	120	80	1,045	865	120	60
1972	1,865	1,635	150	80	1,360	1,215	70	75
1973	2,965	2,810	130	25	3,330	3,130	120	80
1974	4,840	4,225	530	85	2,500	2,310	165	25
1975	2,290	2,035	215	40	2,190	1,845	225	85
1976	3,730	3,375	215	145	2,970	2,575	315	80
1977	5,710	5,215	450	50	3,910	3,515	325	70
1978	2,320	1,765	465	90	4,205	3,825	325	55

Note: 1) *NEGL.* = Less than \$500,000; 2) Yearly figures have been rounded.

Source: US Central Intelligence Agency, National Foreign Assessment Center, *Communist Aid Activities in Non-Communist Less Developed Countries 1978*, ER 79-10412U, September 1979, p. 2.

received financing from oil-producing states for the purchase of Soviet arms on similar terms.¹³ While the commercial facet of Soviet military sales will be discussed in the next section, it should be emphasized that the financial considerations behind Soviet arms transfers have not pushed the political motives to the background. As the \$1.7 billion Indo-Soviet arms accord announced in May 1980 shows, Moscow is still prepared to supply arms on lenient terms for political reasons.¹⁴

The final change involves the types of weapons being exported. In the 1950s and 1960s transfers to the developing world were primarily made up of obsolete, second-line equipment which was being phased out as the post-war modernization of the Soviet armed forces proceeded. An examination of recent Soviet arms exports shows that this practice has now been superseded by a willingness to supply the latest equipment, some of which is still being introduced into the Warsaw Pact forces. For example, recent supplies to Algeria, Libya, Iraq, Syria, and India have included MiG 23B and MiG 25 aircraft, T-72 tanks, BMP armoured personnel carriers, and SA-9 surface-to-air missiles.¹⁵ While the reasons underlying this shift are not clear, in the case of the Arab states the importance of the purchasing power of petrodollars cannot be dismissed.

Except in India, this large influx of sophisticated weaponry has led to the presence of a large number of Soviet military advisers and technicians in these countries. Of the 12,070 Soviet and East European personnel stationed in non-communist less developed countries in 1978, 6,530 or 54% were in Algeria, Libya, Syria, and Iraq.¹⁶ This reliance on Soviet technocrats is likely to continue into the foreseeable future because while the oil revenues available to these states—indirectly, in the Syrian case—will enable them to request advanced weaponry, they lack the infrastructure and skilled manpower pool to undertake the tasks of maintenance, repair, and training on an independent basis.¹⁷

III. *The Economics of Arms Transfers*

Although several studies allude to the possibility that Soviet arms transfers are shaped not only by political considerations, but by economic ones as well, few have pursued the matter much further. The neglect of the economic aspects of Soviet arms transfers has many causes. Most scholars have felt that the political gains the Soviet Union makes from its arms exports are more relevant and significant. Also, while data on the value, direction, and content of Soviet military exports are available from a number of sources, the information available on the economic reasons behind them is both inadequate and unreliable. The insufficient attention given to this aspect of arms exports must also be viewed as a reflection of the dominant tendency to disregard the internal workings of the Soviet

political process and to explain Soviet foreign policy as primarily a continuing response to changing external threats and opportunities perceived by the Kremlin leadership.

When Soviet arms transfers to the developing world began, the motives were primarily political. Khrushchev had decided to abandon Stalin's hostile attitude towards non-communist Third World nations and to respond to the Dulles' strategy of containment by forging ties with the newly independent states. Apart from this, Khrushchev was quick to realize that, in view of the vastness of the area and the changes taking place there, the developing world would be a major venue of Soviet-American competition. He was equally quick to understand that the export of arms to the developing countries would be a major means by which to pursue Soviet objectives.

As noted earlier, in the 1950s and 1960s the terms under which the USSR provided weapons to developing nations were fairly liberal—the interest rates were low, while repayment was to be made in local currency over a fairly long period. That the conditions were not more stringent was due to many reasons, among them the financial constraints—particularly the shortage of hard currency—under which developing countries operated, the eagerness of the USSR to establish a presence in the Third World, and the willingness of the US at this time to supply arms free or on easy credit terms.

Even during this period, however, the Soviet government was not oblivious to economic considerations. Grants accounted for an insignificant share of Soviet arms transfers and a provision was made that the outstanding balance on a loan would be cleared with convertible currency in the event that depressed world market price levels made it impossible for the developing country to liquidate its debt through the export of commodities.¹⁸ It is also clear that the repayment provisions governing Soviet arms supplies assured the Soviet economy a reliable supply of goods for which convertible currency did not have to be spent. There were also periodic allegations that the USSR, as well as the East Europeans, were re-selling these commodities—made up primarily of raw materials and some consumer goods—to the West for hard currency at concessional prices, thereby making inroads into the export markets of developing countries.

Yet it is unwarranted to conclude that in this period Soviet arms transfers were economically motivated to any significant degree; any commercial benefits derived were incidental to their main purpose, which was political. For the developing countries repayment in exports was clearly preferable to the expenditure of scarce convertible currency and there were no instances in which the USSR refused to reschedule debts and proceeded to exercise the contractual right to collect payment in hard currency.

In recent years interest in the economic rationale for Soviet arms exports

has been kindled by reports that the Soviet Union has been spurred by the bonanza accumulated by oil-rich Algeria, Libya, and Iraq to move towards hard currency as the medium of payment. A 1977 CIA report maintained that the Soviet Union had earned \$1.5 billion in hard currency from arms sales in that year, while a CIA publication which appeared in the following year asserted that 'almost all the arms for commodities trade of earlier years has given way to payments in hard currency'.¹⁹

The Soviet Union's need for hard currency is indisputable. The 'extensive' growth strategy under which it attained rapid rates of growth by progressively increasing labour and capital investments is becoming less appropriate under present conditions.²⁰ The demographic effect of World War II, the decline in the birth rate and the utilization of available surplus rural labour have combined to create a situation in which the number of new entrants into the work force will drop in the future. Furthermore, the rising aspirations of the consumer may make it difficult to reinvest increasing amounts of current output. Soviet planners realize that the slowdown in growth rates since the mid-1950s necessitates the adoption of an 'intensive' strategy which, by increasing incentives, labour productivity and the level of technology in the economy, seeks to expand the output per composite unit of labour and capital invested.²¹

In the course of making the 'intensive' approach an integral part of the Soviet growth model, hard currency will play a major role in a number of ways. To upgrade the technological level of their economy, the Soviet authorities have increased sharply their imports of industrial machinery and equipment from the West—these purchases rose from \$510 million in 1965 to about \$5 billion ten years later.²² Given Soviet petroleum and raw material commitments to Eastern Europe and Cuba, the periodic large-scale purchases of grain from abroad, and the non-competitive nature of many Soviet industrial goods, technology imports have been financed to a large extent by Western credits and the issue of promissory notes. As a result, and despite the hard currency earned by exports, gold sales, tourism, and arms sales, the Soviet Union owed the West between \$13.5 and \$15 billion at the end of 1978.²³ Sizeable imports are likely to continue since a steady process of transfer is needed to keep pace with the rapid changes in modern technology. In addition, the ability to increase oil exports to the West—which now account for almost 50% of Soviet hard currency earnings—will depend on access to drilling technology to tap the oil reserves of Siberia and to expand the present limited off-shore drilling efforts.²⁴

Against this background, the suggestion that the Soviet Union has a clear incentive to expand the export of arms for hard currency and to reconsider the commodity repayment scheme appears plausible. Yet this conclusion should be weighed against some other facts. Between 1968 and

1977 exports never exceeded 4.7% of the Soviet Gross National Product in any year and arms exports as a percentage of total exports averaged only 13% over the same period (though this was greater than the average for the US, France, Britain, and Germany). This does not support the conclusion that weapons exports are a major source of Soviet earnings abroad.²⁵

However, since the major portion of Soviet trade is conducted with socialist and developing countries and does not, for the most part, involve hard currency, it is still necessary to examine whether arms sales abroad account for a significant portion of total Soviet hard currency receipts. Data pertaining to this question are presented in Table IV. It is apparent that since 1972 the importance of arms sales as a source of hard currency revenue has increased. Nevertheless, while absolute earnings from this source have generally risen steadily from 1970 to 1978, its share of overall hard currency income remained fairly static after 1973. Arms sales have, with the exception of 1973, never provided over 9% of all hard currency earned, and non-military exports play a far greater role in this regard.

In view of the importance of acquiring convertible currency for the USSR, there is still the question of whether it will step up future deliveries of arms to the oil-rich Middle East. For Algeria, Libya, and Iraq, short of a major war in the region, the need to absorb the large orders already placed with the Soviet Union will work against any steady and big increases in demand for some years. In addition, the massive acquisitions from the USSR since 1973 may well lead these states to use the bargaining power conferred on them by their cash reserves to diversify future sources of supply for political reasons. Iraq, for instance, may turn to suppliers other than, or in addition to, the USSR to re-stock its inventory following the war with Iran. Algeria, Libya, and Iraq, while purchasing large amounts of Soviet weaponry, have carefully avoided relying on a single supplier. From 1968 to 1977 Libya bought \$490 million from Western European sources, Iraq \$370 million, and Algeria \$240 million.²⁶ Even if future demand from these Arab states were to increase markedly, the Soviet authorities would have to take into account the effect which the prolonged export of large quantities of front-line equipment would have on the needs both of their own forces and of the other Warsaw Pact members. Finally, whatever the incentive to resort increasingly to the sale of arms on a hard cash basis, it will have to be balanced against the abiding interest which Moscow has in continuing to supply politically important and strategically located non-OPEC states such as Afghanistan, India, Ethiopia, and Viet Nam, whose hard currency reserves are limited.

Thus arms sales now account for only a small portion of the Soviet Union's annual hard currency income and there is little reason to expect their future potential to be significantly greater. This is not to suggest that the USSR will not receive such payments from its oil-producing customers.

TABLE IV

SOURCES OF SOVIET HARD CURRENCY EARNINGS, 1970-78
(Million Dollars)

	1970	1971	1972	1973	1974	1975	1976	1977	1978
Exports (f.o.b.)	2,201	2,630	2,801	4,790	7,470	7,835	9,721	11,345	13,157
Gold Sales	0	79	38	900	1,178	725	1,369	1,618	2,673
Arms Sales	100 (3.5)	87 (2.6)	122 (3.5)	1,345 (16.3)	1,000 (9.0)	793 (7.5)	1,108 (8.1)	1,500 (9.4)	1,644 (8.4)
Tourism (net)	43	45	53	116	117	136	150	175	200
Merchandise freight	400	260	250	640	640	520	640	710	700
Other Transport (net) ..	120	110	120	230	330	330	390	390	410
Interest from Assets in .. Western Banks	N.A.	87	110	252	405	234	288	292	685
Income from Direct Investments Abroad	0	0	0	0	1	2	8	2	3
Total	2,864	3,298	3,494	8,273	11,141	10,575	13,674	16,032	19,472

Note: The figures in parentheses have been rounded and denote earnings from arms sales as a percentage of total hard currency income.

Source: Computed from Paul G. Ericson and Ronald S. Miller, 'Soviet Economic Behavior: A Balance of Payments Perspective', in US Congress, Joint Economic Committee, *Soviet Economy in A Time of Change*, vol. 2, 96th Congress, 1st session, 10 October 1979, Table I, p. 212.

Indeed, it would be strange if the Soviet Union, given its crucial need for hard currency, were to accept soft currency from the Algerians, Iraqis, and Libyans, whose foreign exchange holdings are so vast. In fact, far from being onerous, such an arrangement may well be preferred by these states, for it infuses two critical elements into the donor-recipient relationship: an element of equality, and an implied willingness to shop elsewhere if any hesitance is shown in meeting the demand for front-line hardware.

IV. *Arms and Influence*

As noted in the first section, interdependence and competition in contemporary international politics create the need for means that can be used to shape the behaviour of others. Along with economic aid and cultural diplomacy, arms transfers represent a salient instrument for this purpose and, as a result, most studies on arms exports have been concerned with their effectiveness for acquiring influence. Although any effort to gauge the relationship between arms transfers and influence presupposes a clarification of what is meant by the latter term, few analyses devote much time to this conceptual chore.²⁷

Influence is a means through which one state induces another to do or not do something. In attempting to exert influence, a variety of resources can be employed, of which arms transfer is one. Three considerations must be kept in mind when assessing the degree of influence which state A has over B. First, if A prevails upon B to act in a desired manner, despite the high costs (political or economic) incurred by B, then A's influence is higher than would be the case if no significant costs were involved for B. Second, influence can manifest itself both when A gets B to take an action which B otherwise would not, and in cases when A makes it possible for B to do something which is mutually beneficial. In the former instance there is a coercive dimension to the relationship, and thus A's influence is higher than in the latter situation. Third, a clear distinction must be drawn between presence and influence. Economic aid and arms provide a presence; the question of whether this ultimately yields influence should not be prejudged.

It is paradoxical that, despite vast deliveries to their major customers, neither the US nor the Soviet Union has been able to exercise much control over how and when their weapons are used. Not only were American arms used in Turkey's invasion and occupation of Cyprus, but the US arms embargo failed to bring about a troop withdrawal and was ultimately lifted in 1978 to facilitate US access to Turkish intelligence facilities and to prevent any loosening of Turkey's ties with NATO.²⁸

The Soviet Union has had similar experiences. During the 1971 Bangladesh crisis, despite repeated Soviet pleas for a negotiated settlement which

would respond to Bengali grievances while maintaining the unity of Pakistan,²⁹ the USSR—which since the 1960s had been concerned by the growth of Sino-Pakistani amity—was unable to prevent the Indian government from concluding by the end of the year that it would have to go to war in order to rid itself of the refugee burden created by the exodus of people fleeing battle-stricken East Pakistan. In fact, when war broke out, the Soviet Union moved to supply arms to India and to provide diplomatic support for Indian operations in East Pakistan by vetoing Security Council ceasefire resolutions favoured by Peking and Washington.

In Egypt, where Anwar Sadat declared 1971 'the year of decision' and sought advanced Soviet weapons repeatedly, Cairo's heavy and long-standing dependence on Soviet weapons failed to provide Moscow with reliable leverage. Despite the desire to avoid a major war in the Middle East at a time when US-Soviet détente was being delicately welded together, and its pessimism regarding the prospects of a good showing by the Arabs, the Soviet Union proved to have little influence. Sadat's autobiography makes clear that the USSR paid a price for trying to head off precipitate Egyptian action by stalling his insistent requests for arms. Sadat's resentment of what he viewed as an imperious effort to tie his hands built up to the point where, in July 1971, the Soviet military personnel stationed in Egypt were ordered to leave and access to the onshore facilities which were crucial to the operations of the Soviet Mediterranean fleet was terminated.³⁰ While it is true that the Soviet authorities received advance notification about the Yom Kippur war of 1973, it was not a request for Soviet permission but a *fait accompli*.³¹ Once the war broke out, given the stake built up in Egypt over the years, the Soviet Union was quickly drawn into the crisis, airlifting large supplies of arms to Egypt and Syria and even threatening to intervene when Israeli forces moved further across the western bank of the Suez Canal after the October 22nd ceasefire broke down.

The Soviet-Egyptian relationship also reveals a feature of arms sales which limits a supplier's influence: the weapons transferred are retained by the recipient, and used in ways deemed appropriate, even after political ties between the buyer and seller go sour. After Soviet-Egyptian relations turned hostile, the Soviet authorities could do little to prevent Sadat from selling Soviet-supplied arms to the United States for transfer to the Afghan guerillas.

Other cases point to a similar Soviet inability to control the use of the weapons supplied to developing countries. In May 1976 the Soviet leaders were unable to prevent Syrian President Hafez al-Assad from intervening in the Lebanese civil war against the Moslem-PLO forces despite their clear opposition to his move. That the Syrian army was equipped with Soviet weapons did little to deter Assad or enhance Moscow's influence.³²

Apart from press reports critical of Syria's actions, Moscow failed to resort to any punitive actions which might have provoked indignation and defiance from Damascus.

Similarly, a year later, the Soviet leaders wanted to avoid a choice between their existing ties with Somalia and the relationship which they were forging with the radical Ethiopian military régime which had ultimately emerged after the overthrow of the Haile Selassie monarchy in September 1974. But their past arms transfers to Somalia proved useless in preventing Siad Barre from invading the Ogaden region of Ethiopia in August 1977 in support of Somali irredentist claims—and they were forced to make such a choice. The decision to back Ethiopia led to the abrogation of the Soviet-Somali friendship treaty and the loss of access to the ports and shore-based facilities which had enabled the Soviet Union markedly to expand its naval presence in the Indian Ocean.³³

This does not mean that no relationship exists between arms transfers and influence. In India, for example, the \$1.1 billion in arms provided by the USSR between 1973 and 1977, plus the links perceived by New Delhi between Indo-Soviet relations and India's security concerns *vis-à-vis* China, have made for a stable relationship which has weathered intermittent uncertainties.³⁴ Further, as demonstrated by its tepid response to the Soviet invasions of Czechoslovakia (August 1968) and Afghanistan (December 1979), and its recognition of the Vietnamese-backed Heng Samrin government of Kampuchea in July 1980,³⁵ India has been willing to take Soviet foreign policy interests into account in instances where the cost is low. Similarly, the radical Arab states have acquired an incentive to maintain close ties with the Soviet Union because of the importance of Soviet weaponry and support for their objectives in the Middle East, while Angola values the Soviet-Cuban presence and the availability of Soviet arms as a form of insurance against South Africa (which mounted large-scale offensives into Angola in June 1980 and August 1981 against Angola based SWAPO guerillas) and the dogged UNITA guerillas of Jonas Savimbi.

The Soviet Union has thus been able to employ arms transfers to create a stable presence in a number of countries by supporting their security goals, and to evoke responsiveness towards Soviet interests when the recipient views the costs as tolerable. The Soviet leaders have not, however, been able to induce their major arms customers to make costly adjustments in policy to propitiate the USSR. Iraq's Baathist government has, despite large weapons acquisitions from the Soviet Union, taken a number of steps at variance with Soviet preferences. Soviet displeasure did not prevent the execution of twenty soldiers—and the incarceration of others—in May 1978 on charges of setting up pro-Soviet cells. In March 1979 Iraq, together with Syria, remained neutral and sought to mediate a

ceasefire in the war between the two Yemens despite Soviet support for South Yemen. More recently the Iraqis have strongly criticized the Soviet invasion of Afghanistan.³⁶ In Angola a Soviet presence has been established through economic aid, arms supplies and the presence of 1,300 military advisers from Eastern Europe and the USSR. While this has created a durable relationship, the Angolans insist that it 'does not prevent Angola, as an independent and sovereign non-aligned state, from developing its relations with capitalist countries'.³⁷ As a demonstration of this intent the Angolan government has worked in a pragmatic spirit with several Western banks and corporations.³⁸

For countries which have received the bulk of their military equipment from the Soviet Union, a sharp deterioration in bilateral relations would undoubtedly pose the problem of finding an alternative supplier and acquiring the spare parts needed to keep the existing inventory operative. When Sadat turned to China for MiG engines after Soviet Egyptian relations soured in the years following the Yom Kippur war, Moscow pointedly reminded him that the Chinese would never be able to supply the required quantity.³⁹ The Soviet authorities also forbade India—which produces Soviet aircraft under licence—from meeting an Egyptian request for spare parts.⁴⁰ Nonetheless, a heavy dependence on Soviet weaponry has not deterred states from turning away from the USSR when they felt that close ties with the Soviet Union were no longer in their interest. Sadat annulled the Soviet-Egyptian treaty in 1976, blocked further Soviet access to Egyptian ports and, in the years that followed, looked to the United States for arms.⁴¹ More recently Somalia has followed this example, giving the US access to ports and airfields once used by the USSR in exchange for arms.

If the Soviet Union, like the United States, has acquired only a limited and specific type of influence through its arms transfers there are three explanations for this. First, the global arms trade is characterized by multiple sources of supply. A developing country can thus obtain its weapons from more than one source to guard against the political implications of excessive dependence on a single supplier. Or, in cases where the major portion of its inventory has come from one country, it can, in the long run, turn elsewhere. Second, it is true that, *prima facie*, a state that provides the bulk of another's military needs should gain the potential for leverage. Yet the recipient's bargaining power is enhanced once it realizes that arms supplies are an expression of the importance that the supplier attaches to it. Third, the use of force to discipline a recalcitrant arms client is an option fraught with hazards. It would open up the possibility of a confrontation with the other superpower and damage the ties and image of the Soviet Union in the Third World, a constituency to which Moscow attaches a great deal of importance.

The fuzziness which characterizes the definition of influence in studies on Soviet arms transfers is encountered in the case of another term as well. While most observers point out that the quest for overseas bases is one major motive underlying Soviet arms transfers, there is a tendency not to define precisely what constitutes a base. It is used interchangeably with 'facility' or 'base facility' and little effort is made to discuss what specific rights the Soviet forces enjoy and under what conditions.⁴² A base is an installation or location which supports and serves as the point of origin for the operations of a military force. The right of use is guaranteed by treaty and the lessee possesses means for internal communications and is responsible for security. A distinction may be drawn between port privileges and the use of land-based facilities; in the latter case there exists a visibly greater degree of access.⁴³ In the context of naval operations and deployments a base may be used for a variety of support functions—the storage of supplies and ammunition, repair, replenishment, reconnaissance, and communications.

The quest for conceptual clarity in political science has undoubtedly generated quibbling over picayune details from time to time. Nevertheless, if the term 'base'—like 'influence'—is used without specificity, vague and misleading conclusions about Soviet arms transfers can result. If the definition just offered is employed, it is apparent that since the evacuation of Port Arthur (China) and Porkkala (Finland) in the 1950s, the Soviet navy does not have an overseas base. The Soviet Union has been able in the past to negotiate access to facilities in a number of states to which weapons have been supplied—Guinea, Egypt, Somalia, South Yemen, and Syria. In Egypt and Somalia, the Soviet forces gained *de facto* bases, succeeded in getting access to on-shore facilities, and were able to augment the length of the Mediterranean and Indian Ocean deployments as a result. In both cases, however, these benefits came to an end abruptly when the Soviet Union's relations with the host country soured. Elsewhere the degree of access varies. While Soviet forces have used some facilities for reconnaissance (Conakry), offshore repairs (Latakia), and supplying friendly states (Aden for arms deliveries to Ethiopia and Algerian airfields for airlifts to Angola), these activities were permitted because the host country viewed them as being consonant with its interests.

The USSR does not have naval facilities in the Third World comparable to Subic Bay, Diego Garcia, and Yokosuka. It may legitimately be argued that, even in the case of facilities where a presence is secured by treaty, prolonged and reliable access still depends on the state of relations between the user and the host states. This merely emphasizes the constraints under which both superpowers operate; it does not make the contention that the Soviet Union has a secure network of bases in the Third World which can be used for combat missions any more persuasive.

V. Conclusion: The Outlook

The inability of suppliers to control the use of arms by recipients, the rapid growth in the number of weapons in the developing world, and the possibility that local crises may escalate through super-power involvement all point towards the need to control the global arms trade; nevertheless, the prospects for any effective agreement are dim. Although five countries—the US, USSR, France, Britain, and West Germany—account for 85% of the value of the weapons sold worldwide, the emergence of any accord is unlikely because each has important political and economic reasons to continue transferring arms.

For the Soviet Union, the driving force behind arms transfers will continue to be political. Though the export of weapons has provided the Soviet leaders with only limited influence in the developing world, it has provided them with a visible presence. This, together with the realization that some influence is better than none, will ensure Moscow's continued heavy reliance on this instrument of diplomacy.

Nevertheless, the Soviet leaders will have to guard against certain consequences which may stem from their decision to rely on arms sales, as opposed to economic aid, as the major instrument of their Third World diplomacy. The Soviet Union's decision to remain neutral in the war between Iran and Iraq and its decision not to back Iraq's military efforts through arms shipments may weaken the Soviet position in that country. This reveals a special burden for arms suppliers: key recipients are certain to expect political backing and further supplies of material in times of war; the war, however, may be one in which the supplier's wider interests necessitate neutrality. Another possible consequence is illustrated by Soviet-Libyan relations. Here, massive shipments of Soviet weaponry have increased both the ambition and the power of Gaddafi to pursue his regional objectives. These shipments have not, however, necessarily increased Soviet influence to the point where the Soviet Union can assure itself that the goals chosen by Libya, and the means used to pursue them, are compatible with Soviet interests. The USSR cannot ignore the possibility that an attack by Soviet-equipped Libya on US-backed Egypt and Sudan will raise the spectre of superpower involvement and perhaps confrontation.

Because of their geopolitical importance for the USSR, the Middle East and South Asia will continue to be major destinations for Soviet arms exports. In the Middle East arms sales, in addition to being a source of hard currency, will be a major means by which the Soviet Union maintains its ties with the radical Arab states opposed both to the uncertain Camp David peace process and to growing American ties to Egypt, the Sudan, Somalia, and Oman. As the most important source of

arms for those Arab states which reject the Camp David approach, the Soviet Union is in a position to influence the viability and permanence of any agreement on the Arab-Israeli dispute. Indeed, it is doubtful if a lasting Middle East settlement can be achieved if it does not provide for Soviet participation in the negotiations.

In South Asia arms supplies will continue to be used to complicate China's security by building up rival India as a counterweight and to bolster the embattled Karmal régime in Afghanistan. The loss of important facilities in Somalia, the development of a major American naval base at Diego Gargia and US access to military facilities in Egypt, Somalia, Kenya, and Oman will lead the USSR to use arms sales to gain access to naval and air facilities in the north-west portion of the Indian Ocean.

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¹ Ruth Leger Sivard, *World Military and Social Expenditures, 1980* (Leesburg, Va.: WMSE Publications, 1980), Table 1, p. 20.

² *Ibid.*, 1978, p. 9.

³ Michael Moodie, 'Defense Industries in the Third World: Problems and Promises', in Stephanie Neuman and Robert Harkavy (eds.), *Arms Transfers in the Modern World* (New York: Praeger, 1980), Table 17.1, pp. 296-97.

⁴ Robert Harkavy, *The Arms Trade and International Systems* (Cambridge, Mass.: Ballinger, 1975), pp. 41-47.

⁵ On defence production in India and Israel, see Moodie, *op. cit.*, pp. 300-02; and Rajan Menon, 'The Military and Security Dimension of Indo-Soviet Relations', in Robert H. Donaldson (ed.), *The Soviet Union and the Third World: Success and Failure* (Boulder, Col.: Westview, 1981), pp. 232-47.

⁶ Cf. James L. Foster, 'New Conventional Weapons Technologies: Implications for the Third World', in Uri Ra'anana, Robert L. Pfaltzgraff, Jr. and Geoffrey Kemp (eds.), *Arms Transfers to the Third World: The Military Buildup in Less Industrial Countries* (Boulder, Col.: Westview, 1978), pp. 65-84, and James F. Digby, *Precision-Guided Munitions: New Chances to Deal With Old Dangers* (Santa Monica, Calif.: The Rand Corporation, P-5384, March 1975).

⁷ Harkavy, *op. cit.*, pp. 60-78.

⁸ See Roger E. Kanet and Rajan Menon, 'Soviet Policy Toward the Third World', in Donald R. Kelley (ed.), *Soviet Politics in the Brezhnev Era* (New York: Praeger, 1980), pp. 235-47.

⁹ US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1968-1977* (Washington, D.C.: ACDA, 1979), p. 10.

¹⁰ *Ibid.*, Figure 16, p. 10; US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1967-1976* (Washington, D.C.: ACDA, 1978), Figure 14, p. 10.

¹¹ US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfer 1968-1977*, p. 16.

¹² Orah Cooper and Carol Fogarty, 'Soviet Economic and Military Aid to Less Developed Countries, 1954-78', in US Congress, Joint Economic Committee, *Soviet Economy in a Time of Change*, vol. 2, 96th Congress, 1st session, 10 October 1979, p. 694.

¹³ This shift in supply terms of Soviet arms has been noted in a number of sources: US Congress, House of Representatives, Committee on International Relations, *The Soviet Union and the Third World: A Watershed in Great Power Policy?*, 9th Congress, 1st session, 8 May 1977, p. 71; US Central Intelligence Agency, National Foreign Assessment Center, *Communist Aid Activities in Non-Communist Less Developed Countries 1978*,

ER79-10412U, September 1979, p. 3; Cooper and Fogarty, *op. cit.*, p. 654. It should be noted that, since the early 1970s, the US has introduced a commercial element into its arms transfer programme by shifting from grants and sales overwhelmingly to sales. See Anne Hensing Cahn and Joseph J. Kruzell, 'Arms Trade in the 1980s', in Cahn *et al.*, *Controlling Future Arms Trade* (New York: McGraw-Hill, 1977), p. 35. Economic considerations have also been the single most important consideration in the case of French arms exports and an important consideration in the case of Britain as well.

¹⁴ See Mohan Ram, 'Indo-Soviet Arms Deal', *Economic and Political Weekly* (Bombay), 31 May 1980, pp. 953-54; *Statesman* (Calcutta), 28 May 1980; *Times of India* (Bombay), 28 May 1980. Indian news reports maintained that the agreement was concluded on the 'most favourable terms'. The loan bears an annual interest of 2.5% and is repayable over a 17-year period. Another example of the willingness to subordinate economic considerations to political goals is the Soviet-Peruvian arms deal involving the sale to Peru of SU-22 fighter-bombers for \$250 million on easy credit terms and favourable prices.

¹⁵ See International Institute for Strategic Studies, *The Military Balance*, 1978-79, pp. 105, 106, 40; and *New York Times*, 29 August 1979; 5 September, 1979; 2 November 1979; 14 March 1980.

¹⁶ US Central Intelligence Agency, *Communist Aid Activities*, Table 3, p. 4.

¹⁷ It should be noted that the importance of advisory personnel has also been characteristic of US arms sales to high-cash low-skill countries like Iran and Saudi Arabia. Training and technical services play a much bigger role in US arms transfers than in the case of the Soviet Union. See US Central Intelligence Agency, National Foreign Assessment Center, *Arms Flows to LDCs: US, Soviet Comparisons, 1974-77*, ER 78-10 49U, November 1978, p. 5.

¹⁸ Uri Ra'anani, 'Soviet Arms Transfer and the Problem of Political Leverage', in Ra'anani, *et al.*, *op. cit.*, p. 134.

¹⁹ US Central Intelligence Agency, *Communist Aid to Less Developed Countries of the Free World*, 1977, pp. 1-2; and *Communist Aid Activities in Non-Communist Less Developed Countries* 1978, p. 3.

²⁰ See US Congress, Joint Economic Committee, Subcommittee on Priorities and Economy in Government, *Soviet Economic Problems and Prospects*, 95th Congress, 1st session, 8 August 1977, pp. 1-6.

²¹ John P. Hardt, 'Soviet Economic Capabilities and Defense Resources', in Grayson Kirk and Nils H. Wessell (eds.), *The Soviet Threat: Myth and Realities* (New York: Academy of Political Science, 1978), pp. 123-29.

²² US Congress, Joint Economic Committee, *Soviet Economic Problems and Prospects*, p. 3.

²³ Paul G. Ericson and Ronald S. Miller, 'Soviet Economic Behavior: A Balance of Payments Perspective', in US Congress, Joint Economic Committee, *Soviet Economy in a Time of Change*, vol. 2, p. 217.

²⁴ The shift to Siberia is a consequence of the diminishing output from the oilfields in the Urals-Volga region. The need for Western technology stems from the inhospitable climate and terrain of Siberia and the Soviet lag in drilling technology.

²⁵ US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1968-1977*, Table I, p. 61, Table III, pp. 128, 129, 147, 151.

²⁶ *Ibid.*, Table IV, pp. 156-57.

²⁷ For a discussion of the concept of influence see Alvin Z. Rubinstein's excellent introductory chapter in Alvin Rubinstein (ed.), *Chinese and Soviet Influence in the Third World* (New York: Praeger, 1975); and *Red Star on the Nile: The Soviet-Egyptian Influence Relationship since the June War* (Princeton, N.J.: Princeton University Press, 1977). Also see Rajan Menon, 'India and the Soviet Union: A Case Study of Inter-Nation Influence' (Ph.D. dissertation, University of Illinois at Urbana-Champaign, 1979), Chapter I.

²⁸ See William H. Lewis, 'Political Influence: the Diminished Capacity', in Neuman and Harkavy (eds.), *op. cit.*, pp. 185-86.

²⁹ This is well documented in Vijay Sen Budhraj, 'Moscow and the Birth of Bangladesh', *Asian Survey*, vol. XIII, no. 5 (May 1973), pp. 482-95.

³⁰ Anwar al-Sadat, *In Search of Identity* (New York: Harper and Row, 1977), pp. 215-47, 287.

³¹ *Ibid.*, p. 247. Sadat maintains that after the outbreak of war the Soviet leaders tried to persuade him to accept a ceasefire on four occasions. This suggests that while airlifting arms to Egypt and Syria, Moscow did not want to see a prolonged confrontation despite the initially favourable showing of the Arab states.

³² In fact the Syrians launched their operations while Kosygin was on an aircraft bound for Damascus in an effort to mediate Iraqi-Syrian differences on the Lebanese situation. Robert O. Freedman, *Soviet Policy toward the Middle East Since 1970*, revised edition (New York: Praeger, 1978), pp. 241–42.

³³ In Somalia, the Soviet forces had unrestricted access to the port of Berbera, used Somali airfields for reconnaissance flights and constructed a missile handling and storage facility ashore. See *USSR and Third World*, vol. 5, no. 5 (13 May–6 July 1975), pp. 218, 255–57.

³⁴ Thus despite expectations to the contrary, the Janata government elected in March 1977 continued India's policy of maintaining close ties with the USSR. See Rajan Menon, 'India and the Soviet Union: A New Stage in Relations?', *Asian Survey*, vol. 18, no. 7 (July 1978), pp. 731–50.

³⁵ Although India's decision has been linked—most notably by the Chinese—to the large Indo-Soviet arms agreement concluded in the previous month, it should be noted that Mrs. Gandhi—who was returned to office in January 1980 after a three year interregnum—had included a commitment to recognize the Heng Samrin government in her party's election manifesto.

³⁶ On the Iraqi government crackdown against allegedly pro-Soviet military personnel, see the editorial note in *Current Digest of the Soviet Press*, vol. XXX, no. 31 (30 August 1978), p. 5. On Iraq's attitude towards the Yemeni civil war and the Soviet intervention in Afghanistan, see the dispatches by Marvin Howe, in *New York Times*, 3 March 1979; and 18 January 1980.

³⁷ Interview with Angolan foreign Minister Paulo Teixeira Jorge, reported by Vladimir Obrubov and Sergei Sarkisyan, *New Times* (Moscow), no. 31 (July 1979), p. 23.

³⁸ Gerald Bender, 'Angola: Left, Right and Wrong', *Foreign Policy*, no. 43 (Summer 1981), p. 66.

³⁹ In the words of a commentator on Radio Moscow's Arabic service: 'Press reports say that 30 engines for Soviet-made military aircraft used by the Egyptian army are being shipped from China . . . I cannot judge whether or not these engines are suitable for modern warplanes . . . but without a doubt, 30 engines are not sufficient for the hundreds of planes which Egypt obtained from the USSR'. Cited in *USSR and Third World*, vol. 6, nos. 2–3 (1 April–31 July 1976), p. 128.

⁴⁰ Sadat, *op. cit.*, p. 212.

⁴¹ According to a 28 July 1980 report in *Time*, 'During the next five years, Washington plans to send more than \$4 billion worth of arms to Egypt to replace antiquated Soviet equipment'.

⁴² For example, Robert E. Harkavy, 'The New Geopolitics: Arms Transfers and the Major Powers' Competition for Overseas Bases', in Neuman and Harkavy, *op. cit.*, pp. 131–48.

⁴³ Richard B. Remnek, 'The Politics of Soviet Access to Naval Support Facilities in the Mediterranean', in Bradford Dismukes and James McConnel (eds.), *Soviet Naval Diplomacy* (New York: Pergamon, 1979), pp. 357–403.